



Surface Transportation Board
Washington, D.C. 20423-0001

Office of the General Counsel

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Meeting under Section 5, STB Reauthorization Act

May 3, 2019

Present: Members Begeman, Fuchs, and Oberman
Staff Bill Brennan, Mike Boyles, Rachel Campbell, Anika Cooper, Allison Davis, Christopher Diamond, Ellen Erichsen, Amanda Gorski, Kim Hillenbrand, Craig Keats, Lisa Novins, Valerie Quinn, Andy Read, Janie Sheng

Topic: Rate Reform Task Force Recommendations

Summary of the Matters Discussed, Prepared by General Counsel Craig Keats:

At this meeting, staff briefed Board Members on certain recommendations made in the Rate Reform Task Force Report issued on April 29, 2019. The Report recommended improvements to the existing rate review processes and proposed new rate review methodologies that the Board could consider. This meeting focused on two recommendations in the Report: potential changes to the “Three-Benchmark” rate methodology and the waybill sampling rates.

Staff and Board Members discussed the following matters:

1. The existing Three-Benchmark methodology and possible reasons why parties have rarely used it.
2. Potential ways to modify Three-Benchmark to increase its use: removing the limit on the number of complaints a shipper could file; allowing the comparison group to include traffic with revenue-to-variable cost ratios of less than 180% but not less than the carrier’s Revenue Shortfall Allocation Method (RSAM) figure; changing the “revenue need adjustment factor” for revenue adequate carriers; and limiting the length of “other relevant factors” presentations.
3. Potential ways to modify the waybill sampling rates to increase the number of observations that can be used in certain Three-Benchmark case comparison groups (e.g., small, carload shipments).